

July 16, 2009

Issue 2009-18

ExacNews

Exactax Client:

California Form 9000H, Homeowner Assistance Claim, and Form 9000R, Renter Assistance Claim are normally available by this time. However, due to the California budget shortfall, these credits will be unavailable for at least the next two years. See the last paragraph of this issue.

Operating Hours

Regular hours are 8:30 – 5:00, Monday through Thursday.

▶ **Exactax will be closed on Fridays through September 11th.**

Exactax will also be closed on Labor Day, September 7th.

Billing Queries and Reminders

When requesting adjustments to your billing, state the reason in the comment section of your remittance and submit it with your payment. Any problems or questions regarding billing queries may also be faxed directly to the Accounting Department at 714-999-6566. Requests for credit must be made in writing.

→ IMPORTANT: *Accounts with an outstanding balance over 21 days will be placed on C.O.D. status. C.O.D. accounts will be shipped ONE shipment, UPS C.O.D., for the balance past due. Any returns processed after that shipment will be held until monies are received from UPS and account is current. If you do not want shipments sent to you UPS C.O.D., contact Customer Service to place your account on HOLD until you bring your balance current*

Remote Data Entry Renewals

Renewal forms for RDE were mailed out in May. If you have not received your RDE renewal, please contact Customer Support.

Batch Renewals

Batch renewal forms will be mailed during the August/September timeframe.

Thinking About Retiring or Selling Your Practice?

If you would like to sell your practice Exactax may be able to connect you with other interested Exactax users for maximum benefit. Please contact Richard Johnson at extension 219.

RDE Users – Make Backups!




Every year we receive calls from several users who have their hard drives crash without having backed up of their tax files. All RDE users should be making regular backups of their data files. If you have not backed up your files, now is a good time to start. Making a backup file in UltraTax is very easy:

- First, create a separate folder in the location of your choice to hold the backup files.
- Start UltraTax and from the *File* menu select *Backup*.

- On the Backup dialog, make sure that the filters for all return types are checked and press the *Select All* button.
- Review and change the backup location setting in the lower right-hand corner, as needed, to use the backup folder location.
- Note: Just backing up to another location on *your hard drive alone* won't help in the event of a crash. After creating the initial backup, we recommend that you then copy your backup directory to your removable USB drive, CD or DVD drive. Write a new disk each time or copy it to a separate drive.

It's always a good idea to keep a recent backup off-site in the event of a fire, theft or other disaster. Creating a CD or DVD makes this step very easy.

RDE – Amending a 1040 Return

When amending an RDE return, the prior amounts will only populate 1040 Screen Amend when zip 2 is checked if they have been stored. The system only stores the original amounts for recall when the return has been Print Previewed. *Note:* The Print Preview function is only available on proforma (download) files that Exactax has provided. Press the Print Preview button on the toolbar **before** making any input changes to save the original amounts.    ←

If Print Preview is not available then all applicable fields must be manually entered.

IRS Publication says no basis adjustment if home is foreclosed or sold when principal residence debt is cancelled.

The federal election to exclude the income from discharge of principal residence indebtedness is made on Form 982, Part I, lines 1(e) and 2. According to 2008 IRS Publication 4681, (page 8), a basis reduction amount is entered at Part II, line 10(b) only if the taxpayer still owns the residence after the debt cancellation.

Note: IRS Publications are not considered to be legal authority and there doesn't appear to be any other authority for not making a basis adjustment when the debt cancellation happens at the same time as a foreclosure or short sale.

Hopefully the IRS will issue more authoritative guidance in a revenue procedure or revenue ruling in the near future.

(Thanks to Michael Gray's RE Tax Newsletter for source info).

California Forms 9000H and 9000R, Homeowner Assistance Claim and Renter Assistance Claim

Important (updated 6/25/09): The state budget for the 2008/2009 and 2009/2010 fiscal years does not include funding for the Homeowner and Renter Assistance Program (HRA). Since there is no funding for this program, FTB cannot process and pay claims for these fiscal years.

If the taxpayer was medically incapacitated during the filing period for the 2006 or 2007 claim year, they may still be able to qualify for 2006 or 2007 assistance. However, they must be able to substantiate their medical incapacity.

Please note that, due to the lack of funding, if you contact the FTB you may experience delays with phone calls, HRA claims, and correspondence for 2007 and prior years. ■